

FINANCE COMMITTEE MINUTES  
December 10, 2015

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:00 p.m. in the Municipal Building Study Session Room on the 10th day of December, 2015, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT:                   Members Castleberry, Lang, and Chair Rosenthal

ABSENT:                   None

OTHERS PRESENT:       Lynne Miller, Council Member  
                              Anthony Francisco, Finance Director  
                              Suzanne Krohmer, Budget Manager  
                              Tim Powers, Information Technology Director  
                              Kari Madden, Network Manager  
                              Gala Hicks, Human Resources Director  
                              Joy Hampton, Norman Transcript

Member Rosenthal called the meeting to order. She said the Report on Open Positions will be the first order of business today, as per request.

Item 3, being

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Gala Hicks made the presentation. Castleberry asked about the Communications Officer Position process. Hicks said they had closed the submission of applications since Human Resources had received a lot of good applications. The process is proceeding with background checks that have to be done. The positions will probably be filled by late January.

Lang asked about the average number of applications received for jobs with the City of Norman, the number seems down compared to the past. Hicks said the most are for fire and police openings. Fire Department will usually have 200 applicants and Police Department will have 80 to 100 applicants for vacancies. Department is hoping to have more applications from women and minorities. There are usually 20 people go through an academy at one time.

Items submitted for the record:

1. Position Vacancy Report, dated November 30, 2015

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Item 1, being

DISCUSSION REGARDING UPGRADING THE CITY OF NORMAN ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

Anthony Francisco introduced Tim Powers, Information Technologies Director to make presentation. Powers said we currently use a legacy system and it needs to be updated. This system handles all the financial data for the City of Norman including payroll, accounts payable, budgeting, and financial reporting. It also handles data for other functions such as Municipal Court, Development Services, Building Inspections, and licensing.

Powers introduced Kari Madden, Network Manager, to discuss the need to replace old hardware and software. Madden said the system is run on software by Sungard and run on hardware by IBM I Series, a mid-range frame. The system was last updated in 2004 and can no longer be upgraded. The hardware needs to be replaced. Three to five years is usually the time hardware can be used. We are looking at a more Windows-based type of infrastructure. It is very web driven and users want web driven interface. Consultant would be very helpful to IT as we explore what type of system would be good for the City.

Mayor asked about the cost involved. Powers said we have \$150,000 in this year's budget to hire a consultant to do the needs assessment. We spoke with the people in the City of Waco, Texas and they are going through replacement of their system, and they have approximately \$4.2 million in their budget for this purpose. We hope to hire a person that can walk us through the whole process from assessment to implementation to training personnel.

Francisco reminded the Committee that we knew this system was old and this day was coming and it's now here. Powers said we're trying to bring this system forward and processes will be easier for everyone to use, employees and public.

Castleberry asked about apps? Madden says apps versus web interface or website, and we won't have to deal with app updates, etc. Powers said if it was web-based we would keep it in-house.

Castleberry asked if this system would cover Police camera video storage, will this address these questions. Madden says storage is a different issue to address; storage is not directly tied to ERP.

Powers said City has 20 years of data on current system. Madden says we will have to migrate all old information into new system.

Miller asked how long City has to keep records. Francisco said it varies by state statute. Billing information has to be kept 7 years, paper or electronic records. Madden says the City has so much data to migrate. It will depend on police, health, workers comp, etc. Some data has to be kept forever.

Miller asked about timeline to implement and train employees. Powers said needs assessment could take 6 months to ask all departments and compile information.

Powers said the entire process of changing systems is a long process and could take 36 to 48 months. This will include selecting a consultant, assessing current system, and an RFP for vendors; planning project and initial stakeholder interviews; RFP development and initial evaluation; scripted demonstrations; contract negotiations and pre-implementation planning. It will take approximately 48 months to train and go live with the new system. Francisco said this is a bigger process than the New World System for public safety was and the New World transition was a lengthy process.

Lang said their school is changing to a different system and they are discovering how many different vendors there are for maintenance agreements. How will this affect the City?

Madden says we pay annual maintenance agreements but they are not long-term contracts and can be changed. Lang said there could be a 20% increase in maintenance agreement costs.

Madden said timing is great concern to find another solution due to cost increases.

Lang asked if they are getting a list of needs together. Madden says yes.

Francisco said FYE 17 Budget request could be for a five-year payout as something to start process.

Madden says consultants will help with the process. Powers said consultants know all the best practices.

Lang said we own the system now, right? Powers said yes, we just pay for customization, updates, etc.

Mayor asked if request would be made for funds in the FYE 17 budget. Francisco said yes, if \$4 million, we c, for example, budget \$800,000 for five years in Capitol budget. We wouldn't know the vendor, but we would have funds budgeted.

Castleberry asked if new hardware or software would be needed. Powers said both.

Castleberry said to have consultants to disclose any conflicts of interest with other companies, authorized retailers, etc. up front. Put that disclosure in the RFP.

Francisco said Dell consultant who did the IT Study was brought up as a possibility. Madden said it would be nice to have a consultant to let us know different options. Castleberry asked if the consultant will look at lease vs buy. Madden said yes.

Francisco said after consultant selection process is complete, consultant contract will be brought to Council for approval.

Items submitted for the record:

1. Purpose and Need Statement: Upgrading the City of Norman Enterprise Resource Planning (ERP) System prepared by the Information Technology and Finance Departments

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Item 3, being

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS FOR NOVEMBER 2015

Anthony Francisco had a handout about the Economic Outlook Conference he had attended. This was sponsored by OSU Business Department and speakers included economists and State Treasurer, Ken Miller. Forecast of employment growth in the state. Cleveland County is one of the fastest growing counties in the state and that is encouraging news. Area of growth lists local government, which includes growth in police personnel. On subject the conference dealt with oil and gas sectors and their effect on national and state economies. Oil/gas/petrochemical are drivers of national economy. Number of rigs has decreased, and rate of production of oil has increased. Oil producers are doing a better job at getting more oil and gas out of fewer wells/rigs. Goal is to drive cost down to be profitable at \$40/gallon. It is a national concern now.

Castleberry said state revenues are based on oil production.

Miller said we need a more diverse job market.

Francisco pointed out the major economics, continue to grow slowly. Castleberry said Chinese market is really struggling also.

Francisco said conference focus was on jobs. Slow growth in employment sector. Oklahoma City metro is expected to grow, increase in 5 metropolitan areas. Population to grow slowly. Boom in growth last few years, smaller growth in near future. Greatest growth will be in health care/social assistance jobs. Local government includes counties and cities. Oil prices are of great concern for the state. State Treasurer's concern is state bailing out budget with one-time non-recoverable resources, trust funds.

Mayor said City is doing well due to conservative sales tax projections. Castleberry said sales tax collection is up. He asked about the number of weekends in a month and the effect. Francisco said there's no anomalies, one more home game here than last year.

Lang is assuming that the Water Fund increase is due to rate increase. Francisco said yes. Negatives in Water Reclamation Fund are because we are expecting state reimbursements for upfront plant costs.

Castleberry pointed out the PSST Fund balance: \$27 million versus \$6 million. Francisco said Bond proceeds are in the total.

Castleberry asked about tax exemptions for City capital projects. If a company has a City construction project we will give them our sales tax permit number so they can buy tax free products for that project only. Francisco said City exemption status can be extended one step away from the City, as the City is the taxing jurisdiction. We can give it to NMA, NTIFA, OR NUA and no one else.

Mayor asked about the \$22,000 on Norman Forward Sales Tax Fund report in November. Francisco said it is for the survey and appraisal due to land purchase for a Norman Forward project. Interfund transfer made for land purchase. Transfer numbers will go way up after we close land deal. The \$5 million transfer is to cover purchase of the land for the new library (Adair property), and the design for the west side and east side library. Jeff Scherer, architect, is working on design for the Sr. Citizens Center, there will be a reimbursement to Capital Fund for the upfront funds.

Items submitted for the record:

2. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Reports for November 2015

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Item 4, being:

MISCELLANEOUS COMMENTS

Mayor would like for Finance Committee to work on storm water utility after that 1<sup>st</sup> of the year.

Castleberry asked if Committee will address mid-year budget adjustment in January. Francisco said yes.

Mayor said Storm Water Utility topics will include the new storm water expenses in the General Fund.

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The meeting adjourned at 5:56 p.m.